

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 AID-05 CIAE-00 INR-07 NSAE-00

OPIC-03 AGRE-00 /034 W

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P R 311625Z AUG 77

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC PRIORITY 8029

DEPARTMENT OF COMMERCE

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COMMERCE FOR MAJOR PROJECTS

E.O. 11652: N/A

TAGS: BENC, ECRE, EAID, BEXP, MR

SUBJECT: LANG/PRITCHARD SUGAR REFINERY PROJECT

REF: NOUAKCHOTT 1702

1. NEWLY ARRIVED LANG/PRITCHARD START-UP TEAM CHIEF KAMP TELEPHONED AMBASSADOR EARLY EVENING AUGUST 30 TO REPORT HE HAD JUST RECEIVED TELEX INSTRUCTIONS FROM KANSAS CITY TO CEASE ALL ACTIVITY IMMEDIATELY, LOCK UP REFINERY, TURN KEYS OVER TO SOSUMA (GIRM SUGAR CORPORATION), AND GET ALL REMAINING L/P EMPLOYEES OFF SITE BEFORE MIDNIGHT AUGUST 31. KC TELEX NOTED THAT L/P'S INSURANCE COVERAGE ON NOUAKCHOTT REFINERY EXPIRED AUGUST 31, AND SET FORTH MANAGEMENT'S VIEW/DECISION THAT ALL L/P EMPLOYEES SHOULD BE OFF PREMISES BEFORE COVERAGE RAN OUT. AMBASSADOR NOTED THAT L/P DECISION TO LET INSURANCE LAPSE COUPLED WITH ITS ELEVENTH HOUR NOTIFICATION OF GIRM MEANS INEVITABLE BREAK IN COVERAGE OF 24 MILLION ODLAR FACILITY, AND CAUTIONED L/P TO EXPECT SHARP, ADVERSE REACTION BY GIRM. HE COMMENTED THAT FIRM'S UNCOOPERATIVE ACTION WILL MAKE EVENTUAL SETTLEMENT OF CONTRACT RELATIONSHIP JUST THAT MUCH MORE DIFFICULT. KAMP REPLIED BLEAKLY HE RECOGNIZED PROBLEM, OBSERVED HE DID NOT AGREE WITH KC DECISIONS, LIMITED OFFICIAL USE

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BUT DECLARED HE WAS REQUIRED TO CARRY THEM OUT.

2. KAMP OUTLINED FOLLOWING CLOSE-OUT SCENARIO: (A) AT HIS INSISTENCE DESPITE RELUCTANCE OF REGGIANE TECHNICIANS, L/P AND REGGIANE WILL CONDUCT PERFORMANCE TEST OF BEST OPERATING SUGAR CONE PRODUCTION LINE TO ESTABLISH BASE LINE FOR FUTURE NEGOTIATIONS. (REGGIANE HAS BEEN TRYING SINCE MAY TO REDESIGN,

REBUILD, AND ADJUST THREE CONING LINES TO ARISE PERFORMANCE FROM 60 PERCENT CAPACITY UP TO FULL 50 TONS PER TWENTY-FOUR HOURS EACH SPECIFIED IN CONTRACT.) (B) ONLY OTHER AMCIT EMPLOYEE WILL DEPART DURING DAY AUGUST 31 OR AT LATEST ON LATE AFTERNOON FLIGHT TO DAKAR. (C) KAMP WILL HAND FORMAL NOTIFICATION LETTER AND KEYS TO SOSUMA CHIEF MID-AFTERNOON AUGUST 31, AND EVACUATE SITE. (D) TWO UK NATIONAL EMPLOYEES WILL DEPART COUNTRY LATE 31 OR EARLY SEPTEMBER 1. (E) KAMP AND GERMAN NATIONAL SECRETARY (THEN SOLE REMAINING L/P EXPATRIATE EMPLOYEES) WILL WIND UP FINAL PAYMENTS TO LOCAL VENDORS AND DEPART ASAP THEREAFTER, PRESUMABLY SEPTEMBER 2.

3. IMMEDIATE PAST HISTORY: L/P AUGUST 16 TELEX TO NEW MINISTER INDUSTRIALIZATION PROPOSED WAYS TO PUT REFINERY INTO COMMERICAL PRODUCTION AND INDICATED READINESS TO PROCEED PROVIDED GIRM RELEASED FINAL 1.3 MILLION RETAINAGE TO FIRM TO FINANCE CONTINUED OPERATIONS. MINISTER DID NOT REPLY UNTIL AUGUST 25, AND THEN MERELY TO STATE THAT QUESTION CONCERNED ONLY SOSUMA. L/P ALSO NOTES THAT GIRM ALLOWED FINAL LETTER OF CREDIT TO EXPIRE JULY 15 AND HAS MADE NO MOVE TO REINSTATE IT, THUS REMOVING LAST MEANS OF PAYING RETAINAGE. L/P, WHICH HAS BEEN EXPLICITLY WEIGHING CHOICE SINCE JUNE, APPEARS TO HAVE DECIDED IT IS CHEAPER TO WALK AWAY FROM SECOND RETAINER THAN TO CONTINUE TO PAY SALARIES OF IDLE EMPLOYEES WHILE WAITING FOR GIRM TO ACT. OUR IMPRESSION, CONFIRMED BY L/P LOCAL ATTORNEY-REPRESENTATIVE, IS THAT GIRM HAS FORMALLY DECIDED THAT L/P IS UNTRUSTWORTHY SHARP OPERATOR WHO HAS LIMITED OFFICIAL USE

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TAKEN GOVERNMENT TO CLEANERS, THAT BEST COURSE IS TO SEVER ALL CONTACT WITH U.S. FIRM IMMEDIATELY, AND ULTIMATELY TO HIRE ANOTHER COMPANY TO PUT REFINERY INTO OPERATION.

4. FAILURE OF FIRST U.S. ENGINEERING/CONSTRUCTION FIRM OPERATING IN MAURITANIA TO PRODUCE REFLECTS ADVERSELY ON U.S. AND ON U.S. PRIVATE INDUSTRY, AND WILL MAKE BREAKING INTO POTENTIALLY RICH MAURITANIAN CONSULTING ENGINEERING/CONSTRUCTION MARKET SIGNIFICANTLY MORE DIFFICULT FOR OTHER U.S. COMPANIES. L/PNFECISION TO WOLK OFF JOB PRIOR TO COMPLETION CONTRACT WILL UNDOUBTEDLY INSURE LONG ACRIMONIOUS LEGAL BATTLE WHICH WILL FURTHER SKEW MAURITANIAN MARKET AGAINST U.S. FIRMS. AND IT VIRTUALLY GUARANTEES THAT SUGAR REFINERY FIASCO (1972-1977) WILL CONTINUE TO BE ONE OF U.S. MISSION'S MOST UNREWARDING AND TIME CONSUMING PROBLEMS FOR NEXT FIVE (?) YEARS.

HANDYSIDE

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Message Attributes

Automatic Decaptioning: X
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Concepts: SUGAR, REFINERIES
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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